

Swartland Municipality

Adjustment Budget 2013/14 - 2015/16

Adjusted Medium Term Revenue and Expenditure Framework



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Glossary

Adjustments Budget - Prescribed in section 28 of the MFMA. The formal means by which a municipality may revise its annual budget during the year.

Allocations - Money received from Provincial or National Government or other municipalities.

Budget - The financial plan of the Municipality.

Budget Related Policy - Policy of a municipality affecting or affected by the budget, examples include tariff policy, rates policy and credit control and debt collection policy.

Capital Expenditure - Spending on assets such as land, buildings and machinery. Any capital expenditure must be reflected as an asset on the Municipality's balance sheet.

Cash flow statement - A statement showing when actual cash will be received and spent by the Municipality. Cash payments do not always coincide with budgeted expenditure timings. For example, when an invoice is received by the Municipality it is shown as expenditure in the month it is received, even though it may not be paid in the same period.

DORA - Division of Revenue Act. Annual legislation that shows the total allocations made by national to provincial and local government.

Equitable Share - A general grant paid to municipalities. It is predominantly targeted to help with free basic services.

Fruitless and wasteful expenditure - Expenditure that was made in vain and would have been avoided had reasonable care been exercised.

GFS - Government Finance Statistics. An internationally recognised classification system that facilitates like for like comparison between municipalities.

GRAP - Generally Recognised Accounting Practice. The new standard for municipal accounting.

IDP - Integrated Development Plan. The main strategic planning document of the Municipality

KPI's - Key Performance Indicators. Measures of service output and/or outcome.

MFMA - The Municipal Finance Management Act - No. 53 of 2003. The principle piece of legislation relating to municipal financial management.

MTREF - Medium Term Revenue and Expenditure Framework. A medium term financial plan, usually 3 years, based on a fixed first year and indicative further two years budget allocations. Also includes details of the previous and current years' financial position.

Net Assets - Net assets are the residual interest in the assets of the entity after deducting all its liabilities. This means the net assets of the municipality equates to the "net wealth" of the municipality, after all assets were sold/recovered and all liabilities paid. Transactions which do not meet the definition of Revenue or Expenses, such as increases in values of Property, Plant and Equipment where there is no inflow or outflow of resources are accounted for in Net Assets.

Operating Expenditure - Spending on the day to day expenses of the Municipality such as salaries and wages.

Rates - Local Government tax based on the assessed value of a property. To determine the rates payable, the assessed rateable value is multiplied by the rate in the rand.

SDBIP - Service Delivery and Budget Implementation Plan. A detailed plan comprising quarterly performance targets and monthly budget estimates.

Strategic Objectives - The main priorities of the Municipality as set out in the IDP. Budgeted spending must contribute towards the achievement of the strategic objectives.

Unauthorised expenditure - Generally, spending without, or in excess of, an approved budget.

Virement - A transfer of budget.

Vote - One of the main segments of a budget. In Swartland Municipality this means at function level.

PART 1 - ANNUAL BUDGET

Section 1 - Mayor's Report

In accordance with section 28 of the Municipal Finance Management Act, No 56 of 2003 (MFMA) a municipality must revise its approved annual budget through an adjustments budget, in the following circumstances:

- (i) To appropriate additional revenues that have become available over and above those anticipated in the annual budget, but only to revise or accelerate spending programmes already budgeted for.
- (ii) To authorise the utilisation of projected savings in one vote towards spending under another vote.
- (iii) To authorise the spending of funds that were unspent at the end of the past financial year where the under-spending could not reasonably have been foreseen at the time to include projected rollovers when the annual budget for the current year was approved by the Council.
- (iv) To correct any errors in the annual budget.

In line with the MFMA, the 2013/14 approved Budget has now been adjusted.

The main adjustments proposed in this adjustment budget are:

Operating Budget

- 1) Employee Related Costs increased by R1 781 567. The increase can mainly be attributed to more accurate figures being available for Allowances and Overtime. Items affected includes the Standby Allowance, Overtime Emergency Services, Overtime Fixed Allowances and Overtime Special Projects.
- 1) Impairment of Assets increased by R721 750. This increase is based on historical trends and actual figures contained in the audited figures for 2012/2013.
- 2) Repairs and maintenance increased by R402 378. This increase could mainly be attributed to the revision of costs at the dumping site amounting to R385 855. (More detail in Annexure E)

- 3) Departmental charges increased by R1 900 418 with Electricity alone increasing by R1 404 132. This is due to the fact that the usage at the Malmesbury Sewerage Works was not fully budgeted for in the original budget.
- 4) General expenses increased by R14 735 931, mainly due to an increase in grant funding from The Provincial Department of Human Settlements amounting to R15 533 233. The grant funding is utilised to erect Housing Top Structures (More detail in Annexure B)
- 5) Sundries decreased with R2 049 658. This decrease was required to partially compensate for the increases described in 1) to 4) above.. (More detail in Annexure B)

The net effect from these adjustments is that the projected deficit for the year is estimated to be R 4 373 035. This deficit will be financed from prior year surpluses. We should however be mindful of the fact that this deficit also includes the effect of non-cash items such as depreciation.

Capital Budget

The main changes to the capital budget are as follows:

- 1) An increase in planned expenditure by R 8 million. This increase is mainly due to the following adjustments:
 - a. An increase in planned expenditure relating to the Upgrading of Riebeek Kasteel Waste Water Treatment works in the municipal area (R 3.075 million), for which the municipality received a donation of R 2 million from PPC.
 - b. A decrease in the ECD Facility amounting to R 3 million. This decrease is mainly attributable to the building of the facility being moved to the next financial year (2014/15).
 - c. An increase in planned expenditure relating to the Abbotsdale Low Cost housing of R 5.574 million. It is as a result of it being unspent in 2012/13 and therefore rolled over.
 - d. An increase in other sundry projects amounting to R2 049 658. Full details of all projects are included in the capital budget.
- 2) The following adjustments to the sources of financing are also proposed
 - a. An increase in funding from grant and other providers - R4.679 million

b. An increase in funding from internally generated funds (accumulated cash reserves) - R 3.371 million.

The revised forecasted expenditure can be summarised as follows: (R'000)

| TYPE | 2013/2014 Original | 2013/2014 Adjustment | 2014/2015 | 2015/2016 |
|--------------|-----------------------|-------------------------|----------------|----------------|
| Operating | 470 108 | 484 411 | 493 790 | 537 065 |
| Capital | 83 480 | 91 531 | 64 828 | 52 511 |
| TOTAL | 553 588 | 575 942 | 558 618 | 589 576 |

Funding and Cashflows

The expected Cash flows for the MTREF period are as follows: (R'000)

| Source | 2013/2014 Original | 2013/2014 Adjusted | 2014/2015 | 2015/2016 |
|---------------------------------|-----------------------|-----------------------|-----------------|-----------------|
| Generated Operating inflows | 31 358 | 26 081 | 29 130 | 23 598 |
| Capital Grants inflows | 42 868 | 45 101 | 24 931 | 21 273 |
| Net Financing outflows | (5 301) | (5 326) | (3 752) | (4 094) |
| Net cash inflows | 68 925 | 65 856 | 50 309 | 40 777 |
| Outflows - Investment in Assets | (83 480) | (91 531) | (64 828) | (52 511) |
| Net inflows / (outflows) | (14 555) | (25 675) | (14 519) | (11 734) |

As can be seen from the above the municipality's cash resources will decline by R 51.928 million over the MTREF period. This continuous decline in the municipality's cash position remains a concern and is mainly

attributable to the amount of investment in assets from own cash resources rather than external funding sources. However, we believe that the benefits of increased service delivery will exceed the investment costs over the MTREF but we will monitor our cash position continuously in order to ensure a strong financial entity.

Unforeseen and unavoidable expenditure

There was no unforeseen expenditure approved by the Mayor and incorporated into this adjustment budget since the original approved budget.

Changes to allocations and grant adjustments

Changes to allocations and grant adjustments are incorporated in supporting tables SB7 and SB8.

The adjustments could be summarised as follows:

| Description | Budget Year 2013/14 | | |
|---|----------------------------|-----------------------|------------------------|
| | Original Budget | Total Adjusts. | Adjusted Budget |
| RECEIPTS: | | | |
| Operating Transfers and Grants | | | |
| National Government: | 35 696 | – | 35 696 |
| Local Government Equitable Share | 32 506 | – | 32 506 |
| Municipal Systems Improvement | 890 | – | 890 |
| Finance Management | 1 300 | – | 1 300 |
| EPWP Incentive | 1 000 | – | 1 000 |
| Other transfers and grants [insert description] | – | – | – |
| Provincial Government: | 17 933 | 15 789 | 33 722 |
| Community Development: Workers | 28 | – | 28 |
| Housing | 12 750 | 15 533 | 28 283 |
| Libraries | 4 759 | – | 4 759 |
| Proclaimed Roads Subsidy | 178 | – | 178 |
| Housing Consumer Education Grant | – | – | – |
| Financial Management Support Grant | – | 200 | 200 |
| Performance Management | – | 56 | 56 |
| Ilinge Lethu Centre | 218 | – | 218 |
| District Municipality: | – | – | – |
| [insert description] | – | – | – |
| Other grant providers: | – | 50 | 50 |
| Cleanest Town | – | 50 | 50 |
| Vuna Awards | – | – | – |
| Total Operating Transfers and Grants | 53 629 | 15 839 | 69 468 |

| Capital Transfers and Grants | | | | |
|--|---------------|---------------|--------|----------------|
| National Government: | | 22 395 | – | 22 395 |
| Municipal Infrastructure Grant (MIG) | 17 395 | – | – | 17 395 |
| Department of Water | – | – | – | – |
| Energy Efficiency and Demand Side Management Grant | 5 000 | – | – | 5 000 |
| Other capital transfers [insert description] | | – | – | – |
| Provincial Government: | 19 623 | 2 574 | | 22 197 |
| PAWK | – | – | – | – |
| Human Settlements | 18 760 | 2 574 | 21 334 | |
| PAWK: Sport and Recreation | – | – | – | – |
| Libraries | 355 | – | – | 355 |
| Pedestrian Pathways: Darling (Phase 2) | 508 | – | – | 508 |
| [insert description] | | – | – | – |
| District Municipality: | – | – | – | – |
| Water: Pump Station Moorresburg | | – | – | – |
| | | – | – | – |
| Other grant providers: | 850 | (341) | | 509 |
| Lotto | 850 | (341) | 509 | |
| Ilinge Lethu Gym (Fanie Malherbe) | – | – | – | – |
| Total Capital Transfers and Grants | 42 868 | 2 233 | | 45 101 |
| TOTAL RECEIPTS OF TRANSFERS & GRANTS | 96 497 | 18 072 | | 114 569 |

Recommendations

It is recommended:

- 1) That the Council considers this report and adopts the resolutions in Section 2 of this report; and
- 2) That the Council adopts the resolutions in Section 2 of this report.

Section 2 - Budget Related Resolutions

Swartland Municipality

MTREF 2013/2014

These are the resolutions that must be approved by Council with the final adoption of the adjustments budget:

RESOLVED:

[a]. That the adjustments budget, inclusive of changes in terms of section 28(2) of the MFMA, of Swartland Municipality for the financial year 2013/2014; and indicative for the two projected years 2014/15 and 2015/16, as set-out in the schedules contained in Section 4, be approved:

- 1.1 Table B1: Budget Summary
- 1.2 Table B2: Budgeted Financial Performance (expenditure by standard classification)
- 1.3 Table B3: Budgeted Financial Performance (expenditure by municipal vote)
- 1.4 Table B4: Budgeted Financial Performance (revenue by source)
- 1.5 Table B5: Budgeted Capital Expenditure for both multi-year and single year by vote, standard classification and funding.
- 1.6 Table B6: Budgeted Financial Position
- 1.7 Table B7: Budgeted Cash Flow
- 1.8 Table B8: Cash backed reserves/Accumulated surplus reconciliation
- 1.9 Table B9: Asset Management
- 1.10 Table B10: Basic service delivery measurement

[b]. That the amended performance objectives as contained in the SDBIP be approved.

[c]. That it be noted that there are no changes to any budget related policies.

Section 3 - Executive Summary

Introduction

This MTREF 2013 - 2014 adjustments budget is prepared on a multi-year basis, in line with the MFMA Municipal Budget and Reporting Regulations.

Effect of the adjustment budget

A key consideration for the compilation of the adjustments budget was long term financial sustainability and especially stabilising the cash flow position, while also ensuring continued service delivery and improved service delivery.

All major adjustments made to the original budget are included in the Mayor's report.

The new projected forecasts for the MTREF are as follows:

OPERATING BUDGET

| Type (R'000) | 2013/2014 | 2014/2015 | 2015/2016 |
|---|-----------|-----------|-----------|
| Revenue | 480 038 | 460 056 | 490 211 |
| Expenditure | 484 411 | 493 710 | 537 065 |
| Surplus/(Deficit) | (4 373) | (33 654) | (46 854) |
| Less: Capital Grants | (45 547) | (24 931) | (21 273) |
| Surplus/(Deficit) excluding capital expenditure | (49 920) | (58 585) | (65 127) |

CAPITAL BUDGET

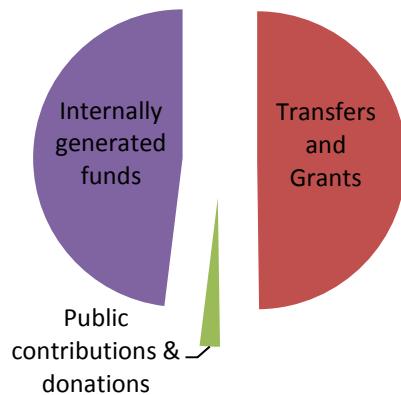
| Objective | 2013/2014 | 2014/2015 | 2015/2016 |
|-------------------------------|---------------|---------------|---------------|
| Governance and Admin | 4 431 | 1 951 | 1 645 |
| Community and Safety Services | 7 519 | 1 626 | 3 385 |
| Economic Services | 20 535 | 9 621 | 25 201 |
| Trading Services | 59 046 | 51 630 | 22 279 |
| Total | 91 531 | 64 828 | 52 511 |

The projected funding of the capital budget is as follows: (R 000)

| Funding Source | 2013/2014 | 2014/2015 | 2015/2016 |
|-----------------------|---------------|---------------|---------------|
| National Government | 22 395 | 24 931 | 21 273 |
| Provincial Government | 22 197 | - | - |
| Other Grant Providers | 955 | - | - |
| Loans | - | 10 024 | 2 368 |
| Own Funds | 43 983 | 29 873 | 28 870 |
| Total | 91 531 | 64 828 | 52 511 |

The reliance on internally generated funding remains high in 2013/2014 and is clearly depicted in the following chart. Council is continuously exploring avenues to enhance own resources.

Capital Funding 2013/2014



A summary of the revised budget is included in Section 4 of this report.

Section 4 - Adjustment budget tables

The Budget tables are:

Table B1 - Adjustments Budget Summary

| Description | Budget Year 2013/14 | | | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
|--|---------------------|------------------------|-------------------------|---------------------------|---------------------------|
| | Original Budget | Total Adjusts. 7 | Adjusted Budget 8 | Adjusted Budget | Adjusted Budget |
| R thousands | | A | G | H | |
| Financial Performance | | | | | |
| Property rates | 69 020 | 0 | 69 020 | 73 368 | 78 183 |
| Service charges | 255 968 | (1 900) | 254 068 | 273 072 | 289 274 |
| Investment revenue | 10 820 | – | 10 820 | 9 894 | 8 900 |
| Transfers recognised - operational | 53 629 | 16 409 | 70 038 | 52 196 | 65 164 |
| Other own revenue | 25 770 | – | 25 770 | 26 595 | 27 417 |
| Total Revenue (excluding capital transfers and contributions) | 415 207 | 14 508 | 429 715 | 435 125 | 468 938 |
| Employee costs | 127 499 | 2 094 | 129 593 | 138 559 | 149 673 |
| Remuneration of councillors | 7 839 | (312) | 7 526 | 8 327 | 8 896 |
| Depreciation & asset impairment | 74 104 | 722 | 74 826 | 76 189 | 79 278 |
| Finance charges | 15 096 | – | 15 096 | 14 633 | 14 287 |
| Materials and bulk purchases | 150 625 | – | 150 625 | 163 105 | 176 627 |
| Transfers and grants | 2 083 | – | 2 083 | 2 083 | 2 115 |
| Other expenditure | 92 862 | 11 799 | 104 661 | 90 814 | 106 189 |
| Total Expenditure | 470 108 | 14 302 | 484 411 | 493 710 | 537 065 |
| Surplus/(Deficit) | | | | | |
| Transfers recognised - capital | (54 901) | 206 | (54 695) | (58 585) | (68 127) |
| Contributions recognised - capital & contributed a | 42 868 | 2 679 | 45 547 | 24 931 | 21 273 |
| Surplus/(Deficit) after capital transfers & contributions | – | 4 775 | 4 775 | – | – |
| Share of surplus/ (deficit) of associate | (12 033) | 7 660 | (4 373) | (33 654) | (46 854) |
| Surplus/ (Deficit) for the year | (12 033) | 7 660 | (4 373) | (33 654) | (46 854) |
| Capital expenditure & funds sources | | | | | |
| Capital expenditure | | | | | |
| Transfers recognised - capital | 83 480 | 8 051 | 91 531 | 64 828 | 52 511 |
| Public contributions & donations | 42 868 | 2 679 | 45 547 | 24 931 | 21 273 |
| Borrowing | – | 2 000 | 2 000 | – | – |
| Internally generated funds | 8 949 | (8 949) | – | 10 024 | 2 368 |
| Total sources of capital funds | 31 663 | 12 320 | 43 983 | 29 873 | 28 870 |
| Community wealth/Equity | 83 480 | 8 051 | 91 531 | 64 828 | 52 511 |
| Financial position | | | | | |
| Total current assets | 218 544 | 29 503 | 248 047 | 235 883 | 226 523 |
| Total non current assets | 1 786 784 | 10 388 | 1 797 173 | 1 780 261 | 1 747 668 |
| Total current liabilities | 68 319 | (1 772) | 66 548 | 71 110 | 76 047 |
| Total non current liabilities | 174 806 | 11 482 | 186 287 | 186 305 | 186 269 |
| Community wealth/Equity | 1 762 203 | 30 181 | 1 792 384 | 1 758 730 | 1 711 875 |
| Cash flows | | | | | |
| Net cash from (used) operating | 73 530 | (2 888) | 70 641 | 53 333 | 44 107 |
| Net cash from (used) investing | (83 256) | (8 050) | (91 306) | (64 604) | (52 287) |
| Net cash from (used) financing | (4 829) | (181) | (5 010) | (3 247) | (3 553) |
| Cash/cash equivalents at the year end | 156 617 | 27 837 | 184 454 | 169 935 | 158 201 |
| Cash backing/surplus reconciliation | | | | | |
| Cash and investments available | 156 617 | 27 837 | 184 454 | 169 935 | 158 201 |
| Application of cash and investments | 132 572 | (136 871) | (4 299) | (3 039) | (1 100) |
| Balance - surplus (shortfall) | 24 045 | 164 708 | 188 753 | 172 974 | 159 301 |
| Asset Management | | | | | |
| Asset register summary (WDV) | 1 786 144 | 10 655 | 1 796 799 | 1 779 911 | 1 747 341 |
| Depreciation & asset impairment | 74 104 | 722 | 74 826 | 76 189 | 79 278 |
| Renewal of Existing Assets | 52 449 | 2 339 | 54 787 | 42 790 | 46 823 |
| Repairs and Maintenance | 17 704 | 827 | 18 531 | 17 773 | 18 652 |

Table B2 - Adjustments Budgeted Financial Performance (revenue and expenditure by standard classification)

| WC015 Swartland - Table B2 Adjustments Budget Financial Performance (standard classification) - | | | | | |
|---|---------------------|-------------------------|--------------------------|---------------------------|---------------------------|
| Standard Description R thousands | Budget Year 2013/14 | | | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| | Original Budget | Total Adjusts. 11 | Adjusted Budget 12 | Adjusted Budget | Adjusted Budget |
| | A | G | H | | |
| Revenue - Standard | | | | | |
| Governance and administration | 154 408 | 23 863 | 178 271 | 135 550 | 146 082 |
| Executive and council | 59 866 | 23 863 | 83 729 | 30 405 | 26 903 |
| Budget and treasury office | 93 466 | – | 93 466 | 103 988 | 117 943 |
| Corporate services | 1 076 | – | 1 076 | 1 157 | 1 236 |
| Community and public safety | 13 703 | – | 13 703 | 14 101 | 14 418 |
| Community and social services | 6 137 | – | 6 137 | 6 384 | 6 542 |
| Sport and recreation | 2 742 | – | 2 742 | 2 878 | 3 021 |
| Public safety | 4 561 | – | 4 561 | 4 563 | 4 565 |
| Housing | 263 | – | 263 | 276 | 290 |
| Health | – | – | – | – | – |
| Economic and environmental services | 7 711 | – | 7 711 | 7 911 | 8 304 |
| Planning and development | 1 808 | – | 1 808 | 1 898 | 1 992 |
| Road transport | 5 903 | – | 5 903 | 6 013 | 6 312 |
| Environmental protection | – | – | – | – | – |
| Trading services | 282 234 | (1 900) | 280 334 | 302 473 | 321 385 |
| Electricity | 180 514 | (1 718) | 178 796 | 191 339 | 203 916 |
| Water | 37 367 | (74) | 37 294 | 39 729 | 42 296 |
| Waste water management | 37 620 | (96) | 37 524 | 43 124 | 44 699 |
| Waste management | 26 734 | (13) | 26 721 | 28 282 | 30 474 |
| Other | 20 | – | 20 | 21 | 22 |
| Total Revenue - Standard | 458 075 | 21 963 | 480 038 | 460 056 | 490 211 |
| Expenditure - Standard | | | | | |
| Governance and administration | 93 111 | 11 202 | 104 314 | 91 320 | 106 218 |
| Executive and council | 27 379 | 15 817 | 43 196 | 18 203 | 19 250 |
| Budget and treasury office | 40 868 | (5 339) | 35 529 | 47 130 | 59 693 |
| Corporate services | 24 865 | 724 | 25 589 | 25 987 | 27 275 |
| Community and public safety | 49 661 | 832 | 50 492 | 53 301 | 57 087 |
| Community and social services | 12 637 | 50 | 12 686 | 13 681 | 14 820 |
| Sport and recreation | 14 991 | 43 | 15 034 | 15 982 | 17 167 |
| Public safety | 20 701 | 729 | 21 430 | 22 189 | 23 536 |
| Housing | 1 332 | 10 | 1 342 | 1 449 | 1 563 |
| Health | – | – | – | – | – |
| Economic and environmental services | 58 169 | 266 | 58 435 | 61 954 | 64 670 |
| Planning and development | 8 452 | 1 | 8 453 | 10 785 | 10 921 |
| Road transport | 49 717 | 265 | 49 982 | 51 169 | 53 749 |
| Environmental protection | – | – | – | – | – |
| Trading services | 268 205 | 2 003 | 270 208 | 286 143 | 308 035 |
| Electricity | 161 662 | 336 | 161 998 | 173 853 | 186 931 |
| Water | 44 449 | 576 | 45 024 | 47 375 | 51 157 |
| Waste water management | 38 320 | 447 | 38 767 | 39 691 | 42 520 |
| Waste management | 23 774 | 644 | 24 418 | 25 224 | 27 427 |
| Other | 962 | (0) | 962 | 992 | 1 055 |
| Total Expenditure - Standard | 470 108 | 14 302 | 484 411 | 493 710 | 537 065 |
| Surplus/ (Deficit) for the year | (12 033) | 7 660 | (4 373) | (33 654) | (46 854) |

Table B3 - Adjustments Budgeted Financial Performance (revenue and expenditure by municipal vote)

| WC015 Swartland - Table B3 Adjustments Budget Financial Performance (revenue and expenditure by municipal vote) | | | | | |
|---|---------------------|----------------|-----------------|---------------------------|---------------------------|
| Vote Description [Insert departmental structure etc] R thousands | Budget Year 2013/14 | | | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| | Original Budget | Total Adjusts. | Adjusted Budget | Adjusted | Adjusted |
| | A | G | H | | |
| Revenue by Vote | | | | | |
| Vote 1 - Corporate Services | 6 134 | – | 6 134 | 6 415 | 6 835 |
| Vote 2 - Civil Services | 103 222 | (182) | 103 040 | 112 531 | 118 921 |
| Vote 3 - Council | 59 866 | 23 807 | 83 673 | 30 405 | 26 903 |
| Vote 4 - Electricity Services | 180 514 | (1 718) | 178 796 | 191 339 | 203 916 |
| Vote 5 - Financial Services | 93 466 | 56 | 93 522 | 103 988 | 117 943 |
| Vote 6 - Development Services | 4 487 | – | 4 487 | 4 699 | 4 705 |
| Vote 7 - Municipal Manager | – | – | – | – | – |
| Vote 8 - Protection Services | 10 386 | – | 10 386 | 10 679 | 10 987 |
| Vote 9 - [NAME OF VOTE 9] | – | – | – | – | – |
| Vote 10 - [NAME OF VOTE 10] | – | – | – | – | – |
| Vote 11 - [NAME OF VOTE 11] | – | – | – | – | – |
| Vote 12 - [NAME OF VOTE 12] | – | – | – | – | – |
| Vote 13 - [NAME OF VOTE 13] | – | – | – | – | – |
| Vote 14 - [NAME OF VOTE 14] | – | – | – | – | – |
| Vote 15 - [NAME OF VOTE 15] | – | – | – | – | – |
| Total Revenue by Vote | 458 075 | 21 963 | 480 038 | 460 056 | 490 211 |
| Expenditure by Vote | | | | | |
| Vote 1 - Corporate Services | 17 860 | 483 | 18 344 | 19 352 | 20 817 |
| Vote 2 - Civil Services | 176 464 | 1 823 | 178 288 | 184 121 | 196 392 |
| Vote 3 - Council | 23 006 | 15 966 | 38 972 | 13 730 | 14 460 |
| Vote 4 - Electricity Services | 161 662 | 336 | 161 998 | 173 853 | 186 931 |
| Vote 5 - Financial Services | 40 868 | (5 115) | 35 752 | 47 130 | 59 693 |
| Vote 6 - Development Services | 13 124 | 88 | 13 212 | 15 872 | 16 429 |
| Vote 7 - Municipal Manager | 10 271 | (148) | 10 123 | 10 802 | 11 581 |
| Vote 8 - Protection Services | 26 853 | 869 | 27 722 | 28 850 | 30 762 |
| Vote 9 - [NAME OF VOTE 9] | – | – | – | – | – |
| Vote 10 - [NAME OF VOTE 10] | – | – | – | – | – |
| Vote 11 - [NAME OF VOTE 11] | – | – | – | – | – |
| Vote 12 - [NAME OF VOTE 12] | – | – | – | – | – |
| Vote 13 - [NAME OF VOTE 13] | – | – | – | – | – |
| Vote 14 - [NAME OF VOTE 14] | – | – | – | – | – |
| Vote 15 - [NAME OF VOTE 15] | – | – | – | – | – |
| Total Expenditure by Vote | 470 108 | 14 302 | 484 411 | 493 710 | 537 065 |
| Surplus/ (Deficit) for the year | (12 033) | 7 660 | (4 373) | (33 654) | (46 854) |

Table B4 - Adjustments Budgeted Financial Performance (revenue and expenditure)

| WC015 Swartland - Table B4 Adjustments Budget Financial Performance (revenue and expenditure) - | | | | | |
|---|---------------------|-------------------|--------------------|---------------------------|---------------------------|
| Description | Budget Year 2013/14 | | | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| | Original Budget | Total Adjusts. | Adjusted Budget | Adjusted Budget | Adjusted Budget |
| Revenue By Source | | | | | |
| Property rates | 69 020 | 0 | 69 020 | 73 368 | 78 183 |
| Property rates - penalties & collection charges | – | – | – | – | – |
| Service charges - electricity revenue | 178 645 | (1 718) | 176 927 | 189 213 | 201 498 |
| Service charges - water revenue | 33 265 | (74) | 33 191 | 35 113 | 36 974 |
| Service charges - sanitation revenue | 24 844 | (96) | 24 747 | 28 517 | 29 250 |
| Service charges - refuse revenue | 19 215 | (13) | 19 203 | 20 228 | 21 552 |
| Service charges - other | – | – | – | – | – |
| Rental of facilities and equipment | 3 088 | – | 3 088 | 3 252 | 3 414 |
| Interest earned - external investments | 10 820 | – | 10 820 | 9 894 | 8 900 |
| Interest earned - outstanding debtors | 1 276 | – | 1 276 | 1 340 | 1 407 |
| Dividends received | – | – | – | – | – |
| Fines | 4 039 | – | 4 039 | 4 041 | 4 042 |
| Licences and permits | 3 007 | – | 3 007 | 3 157 | 3 315 |
| Agency services | 2 539 | – | 2 539 | 2 666 | 2 799 |
| Transfers recognised - operating | 53 629 | 16 409 | 70 038 | 52 196 | 65 164 |
| Other revenue | 11 621 | – | 11 621 | 11 940 | 12 240 |
| Gains on disposal of PPE | 200 | – | 200 | 200 | 200 |
| Total Revenue (excluding capital transfers and contributions) | 415 207 | 14 508 | 429 715 | 435 125 | 468 938 |
| Expenditure By Type | | | | | |
| Employee related costs | 127 499 | 2 094 | 129 593 | 138 559 | 149 673 |
| Remuneration of councillors | 7 839 | (312) | 7 526 | 8 327 | 8 896 |
| Debt impairment | 10 748 | – | 10 748 | 12 113 | 14 491 |
| Depreciation & asset impairment | 74 104 | 722 | 74 826 | 76 189 | 79 278 |
| Finance charges | 15 096 | – | 15 096 | 14 633 | 14 287 |
| Bulk purchases | 150 625 | – | 150 625 | 163 105 | 176 627 |
| Other materials | – | – | – | – | – |
| Contracted services | 3 453 | 24 | 3 477 | 3 630 | 3 866 |
| Transfers and grants | 2 083 | – | 2 083 | 2 083 | 2 115 |
| Other expenditure | 73 397 | 15 251 | 88 648 | 69 545 | 82 029 |
| Loss on disposal of PPE | 5 263 | (3 475) | 1 788 | 5 527 | 5 803 |
| Total Expenditure | 470 108 | 14 302 | 484 411 | 493 710 | 537 065 |
| Surplus/(Deficit) | (54 901) | 206 | (54 695) | (58 585) | (68 127) |
| Transfers recognised - capital | 42 868 | 2 679 | 45 547 | 24 931 | 21 273 |
| Contributions | – | 4 775 | 4 775 | – | – |
| Contributed assets | – | – | – | – | – |
| Surplus/(Deficit) before taxation | (12 033) | 7 660 | (4 373) | (33 654) | (46 854) |
| Taxation | – | – | – | – | – |
| Surplus/(Deficit) after taxation | (12 033) | 7 660 | (4 373) | (33 654) | (46 854) |
| Attributable to minorities | – | – | – | – | – |
| Surplus/(Deficit) attributable to municipality | (12 033) | 7 660 | (4 373) | (33 654) | (46 854) |
| Share of surplus/ (deficit) of associate | – | – | – | – | – |
| Surplus/ (Deficit) for the year | (12 033) | 7 660 | (4 373) | (33 654) | (46 854) |

Table B5 - Adjustments Budgeted Capital Expenditure by vote, standard classification and funding

| WC015 Swartland - Table B5 Adjustments Capital Expenditure Budget by vote and funding - | | | | | |
|---|---------------------|-------------------|--------------------|---------------------------|---------------------------|
| Description | Budget Year 2013/14 | | | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| | Original Budget | Total Adjusts. | Adjusted Budget | Adjusted Budget | Adjusted Budget |
| Capital expenditure - Vote | | | | | |
| Multi-year expenditure to be adjusted | | | | | |
| Vote 1 - Corporate Services | – | – | – | – | – |
| Vote 2 - Civil Services | 31 344 | 3 076 | 34 419 | 28 755 | 4 528 |
| Vote 3 - Council | – | – | – | – | – |
| Vote 4 - Electricity Services | – | – | – | – | – |
| Vote 5 - Financial Services | – | 1 445 | 1 445 | – | – |
| Vote 6 - Development Services | – | – | – | – | – |
| Vote 7 - Municipal Manager | – | – | – | – | – |
| Vote 8 - Protection Services | – | – | – | – | – |
| Capital multi-year expenditure sub-total | 31 344 | 4 521 | 35 865 | 28 755 | 4 528 |
| Single-year expenditure to be adjusted | | | | | |
| Vote 1 - Corporate Services | 428 | – | 428 | 68 | 64 |
| Vote 2 - Civil Services | 34 937 | 87 | 35 025 | 23 334 | 33 723 |
| Vote 3 - Council | 815 | 300 | 1 115 | 814 | 815 |
| Vote 4 - Electricity Services | 11 340 | – | 11 340 | 9 850 | 10 300 |
| Vote 5 - Financial Services | 1 244 | 468 | 1 712 | 1 090 | 782 |
| Vote 6 - Development Services | 3 148 | 2 574 | 5 723 | 168 | 170 |
| Vote 7 - Municipal Manager | 10 | – | 10 | 20 | 21 |
| Vote 8 - Protection Services | 213 | 100 | 313 | 728 | 2 108 |
| Capital single-year expenditure sub-total | 52 136 | 3 530 | 55 666 | 36 073 | 47 983 |
| Total Capital Expenditure - Vote | 83 480 | 8 051 | 91 531 | 64 828 | 52 511 |
| Capital Expenditure - Standard | | | | | |
| Governance and administration | | | | | |
| Executive and council | 2 094 | 2 337 | 4 431 | 1 951 | 1 645 |
| Budget and treasury office | 825 | 300 | 1 125 | 834 | 836 |
| Corporate services | 29 | 1 837 | 1 866 | 30 | 32 |
| | 1 240 | 200 | 1 440 | 1 086 | 778 |
| Community and public safety | 4 739 | 2 779 | 7 519 | 1 626 | 3 385 |
| Community and social services | 3 551 | (3 000) | 551 | 210 | 206 |
| Sport and recreation | 975 | 105 | 1 080 | 688 | 1 070 |
| Public safety | 213 | 100 | 313 | 728 | 2 108 |
| Housing | – | 5 574 | 5 574 | – | – |
| Health | – | – | – | – | – |
| Economic and environmental services | 19 815 | 720 | 20 535 | 9 621 | 25 201 |
| Planning and development | 109 | – | 109 | 114 | 120 |
| Road transport | 19 706 | 720 | 20 426 | 9 507 | 25 081 |
| Environmental protection | – | – | – | – | – |
| Trading services | 56 831 | 2 215 | 59 046 | 51 630 | 22 279 |
| Electricity | 11 340 | – | 11 340 | 9 850 | 10 300 |
| Water | 5 429 | 290 | 5 719 | 9 314 | 2 888 |
| Waste water management | 35 509 | 3 001 | 38 510 | 32 010 | 6 431 |
| Waste management | 4 553 | (1 076) | 3 478 | 456 | 2 660 |
| Other | – | – | – | – | – |
| Total Capital Expenditure - Standard | 83 480 | 8 051 | 91 531 | 64 828 | 52 511 |
| Funded by: | | | | | |
| National Government | 22 395 | – | 22 395 | 24 931 | 21 273 |
| Provincial Government | 19 623 | 2 574 | 22 197 | – | – |
| District Municipality | – | – | – | – | – |
| Other transfers and grants | 850 | 105 | 955 | – | – |
| Total Capital transfers recognised | 42 868 | 2 679 | 45 547 | 24 931 | 21 273 |
| Public contributions & donations | | | | | |
| Borrowing | – | 2 000 | 2 000 | – | – |
| Internally generated funds | 8 949 | (8 949) | – | 10 024 | 2 368 |
| | 31 663 | 12 320 | 43 983 | 29 873 | 28 870 |
| Total Capital Funding | 83 480 | 8 051 | 91 531 | 64 828 | 52 511 |

Table B6 - Adjustments Budgeted Financial Position

| WC015 Swartland - Table B6 Adjustments Budget Financial Position - | | | | | |
|--|---------------------|----------------|------------------|------------------------|------------------------|
| Description | Budget Year 2013/14 | | | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| | Original Budget | Total Adjusts. | Adjusted Budget | Adjusted Budget | Adjusted Budget |
| ASSETS | | | | | |
| Current assets | | | | | |
| Cash | 500 | 183 954 | 184 454 | 169 935 | 158 201 |
| Call investment deposits | 156 117 | (156 117) | – | – | – |
| Consumer debtors | 49 611 | 4 712 | 54 324 | 56 324 | 58 324 |
| Other debtors | 6 835 | (4 704) | 2 132 | 2 132 | 2 132 |
| Current portion of long-term receivables | 24 | – | 24 | 24 | 24 |
| Inventory | 5 457 | 1 657 | 7 114 | 7 469 | 7 843 |
| Total current assets | 218 544 | 29 503 | 248 047 | 235 883 | 226 523 |
| Non current assets | | | | | |
| Long-term receivables | 640 | (266) | 374 | 350 | 327 |
| Investments | – | – | – | – | – |
| Investment property | 33 920 | (1 790) | 32 130 | 32 093 | 32 054 |
| Investment in Associate | – | – | – | – | – |
| Property, plant and equipment | 1 751 681 | 11 571 | 1 763 252 | 1 746 248 | 1 713 466 |
| Agricultural | – | – | – | – | – |
| Biological | – | – | – | – | – |
| Intangible | 542 | 107 | 649 | 821 | 1 091 |
| Other non-current assets | – | 767 | 767 | 749 | 730 |
| Total non current assets | 1 786 784 | 10 388 | 1 797 173 | 1 780 261 | 1 747 668 |
| TOTAL ASSETS | 2 005 328 | 39 891 | 2 045 219 | 2 016 144 | 1 974 191 |
| LIABILITIES | | | | | |
| Current liabilities | | | | | |
| Bank overdraft | – | – | – | – | – |
| Borrowing | 3 752 | – | 3 752 | 4 094 | 4 518 |
| Consumer deposits | 7 212 | – | 7 212 | 7 717 | 8 258 |
| Trade and other payables | 51 525 | (1 772) | 49 753 | 53 119 | 56 721 |
| Provisions | 5 830 | – | 5 830 | 6 180 | 6 551 |
| Total current liabilities | 68 319 | (1 772) | 66 548 | 71 110 | 76 047 |
| Non current liabilities | | | | | |
| Borrowing | 137 883 | (239) | 137 644 | 133 551 | 129 033 |
| Provisions | 36 922 | 11 721 | 48 643 | 52 754 | 57 236 |
| Total non current liabilities | 174 806 | 11 482 | 186 287 | 186 305 | 186 269 |
| TOTAL LIABILITIES | 243 125 | 9 710 | 252 835 | 257 415 | 262 315 |
| NET ASSETS | 1 762 203 | 30 181 | 1 792 384 | 1 758 730 | 1 711 875 |
| COMMUNITY WEALTH/EQUITY | | | | | |
| Accumulated Surplus/(Deficit) | 1 660 078 | 131 884 | 1 791 962 | 1 758 308 | 1 711 453 |
| Reserves | 102 125 | (101 703) | 422 | 422 | 422 |
| TOTAL COMMUNITY WEALTH/EQUITY | 1 762 203 | 30 181 | 1 792 384 | 1 758 730 | 1 711 875 |

Table B7 - Adjustments Budgeted Cash Flows

| WC015 Swartland - Table B7 Adjustments Budget Cash Flows - | | | | | |
|--|---------------------|-----------------|-----------------|------------------------|------------------------|
| Description | Budget Year 2013/14 | | | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| | Original Budget | Total Adjusts. | Adjusted Budget | Adjusted Budget | Adjusted Budget |
| CASH FLOW FROM OPERATING ACTIVITIES | | | | | |
| Receipts | | | | | |
| Ratepayers and other | 337 811 | (3 604) | 334 207 | 358 722 | 378 183 |
| Government - operating | 53 629 | 15 839 | 69 468 | 52 196 | 65 164 |
| Government - capital | 42 868 | 2 233 | 45 101 | 24 931 | 21 273 |
| Interest | 10 820 | – | 10 820 | 9 894 | 8 900 |
| Dividends | – | – | – | – | – |
| Payments | | | | | |
| Suppliers and employees | (354 418) | (17 357) | (371 775) | (375 695) | (413 011) |
| Finance charges | (15 096) | – | (15 096) | (14 633) | (14 287) |
| Transfers and Grants | (2 083) | – | (2 083) | (2 083) | (2 115) |
| NET CASH FROM/(USED) OPERATING ACTIVITIES | 73 530 | (2 888) | 70 641 | 53 333 | 44 107 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Receipts | | | | | |
| Proceeds on disposal of PPE | 200 | – | 200 | 200 | 200 |
| Decrease (Increase) in non-current debtors | – | – | – | – | – |
| Decrease (increase) other non-current receivables | 24 | 1 | 24 | 24 | 24 |
| Decrease (increase) in non-current investments | – | – | – | – | – |
| Payments | | | | | |
| Capital assets | (83 480) | (8 051) | (91 531) | (64 828) | (52 511) |
| NET CASH FROM/(USED) INVESTING ACTIVITIES | (83 256) | (8 050) | (91 306) | (64 604) | (52 287) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | |
| Receipts | | | | | |
| Short term loans | – | – | – | – | – |
| Borrowing long term/refinancing | – | – | – | – | – |
| Increase (decrease) in consumer deposits | 472 | (156) | 316 | 505 | 540 |
| Payments | | | | | |
| Repayment of borrowing | (5 301) | (26) | (5 326) | (3 752) | (4 094) |
| NET CASH FROM/(USED) FINANCING ACTIVITIES | (4 829) | (181) | (5 010) | (3 247) | (3 553) |
| NET INCREASE/ (DECREASE) IN CASH HELD | (14 555) | (11 120) | (25 675) | (14 519) | (11 734) |
| Cash/cash equivalents at the year begin: | 171 172 | 38 957 | 210 129 | 184 454 | 169 935 |
| Cash/cash equivalents at the year end: | 156 617 | 27 837 | 184 454 | 169 935 | 158 201 |

Table B8 - Adjustments Cash backed reserves/accumulated surplus reconciliation

| WC015 Swartland - Table B8 Cash backed reserves/accumulated surplus reconciliation - | | | | | |
|--|---------------------|------------------|-----------------|---------------------------|---------------------------|
| Description | Budget Year 2013/14 | | | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| | Original Budget | Total Adjusts. | Adjusted Budget | Adjusted Budget | Adjusted Budget |
| Cash and investments available | | | | | |
| Cash/cash equivalents at the year end | 156 617 | 27 837 | 184 454 | 169 935 | 158 201 |
| Other current investments > 90 days | (0) | (0) | (0) | (0) | (0) |
| Non current assets - Investments | – | – | – | – | – |
| Cash and investments available: | 156 617 | 27 837 | 184 454 | 169 935 | 158 201 |
| Applications of cash and investments | | | | | |
| Unspent conditional transfers | 3 438 | (1 772) | 1 667 | 1 667 | 1 667 |
| Unspent borrowing | 33 933 | (33 933) | – | – | – |
| Statutory requirements | – | – | – | – | – |
| Other working capital requirements | (6 924) | 537 | (6 387) | (5 127) | (3 188) |
| Other provisions | – | – | – | – | – |
| Long term investments committed | – | – | – | – | – |
| Reserves to be backed by cash/investments | 102 125 | (101 703) | 422 | 422 | 422 |
| Total Application of cash and investments: | 132 572 | (136 871) | (4 299) | (3 039) | (1 100) |
| Surplus(shortfall) | 24 045 | 164 708 | 188 753 | 172 974 | 159 301 |

The sharp increase in Surplus from the Original Budget to the Adjustments Budget could mainly be attributed to the CRR now being ring fenced in the accumulated surplus in line with the audited financial statements. The CRR is monitored on a continuous basis to ensure that it is cash-backed.

Table B9 - Adjustments Budget Asset Management

| WC015 Swartland - Table B9 Asset Management - | | | | | |
|--|---------------------|----------------|-----------------|------------------------|------------------------|
| Description | Budget Year 2013/14 | | | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| | Original Budget | Total Adjusts. | Adjusted Budget | Adjusted Budget | Adjusted Budget |
| CAPITAL EXPENDITURE | | | | | |
| Total New Assets to be adjusted | 31 031 | 5 712 | 36 743 | 22 038 | 5 688 |
| Infrastructure - Road transport | 11 864 | 1 307 | 13 171 | 8 089 | 250 |
| Infrastructure - Electricity | 5 000 | – | 5 000 | 5 220 | 3 200 |
| Infrastructure - Water | 2 621 | 2 695 | 5 315 | 6 194 | – |
| Infrastructure - Sanitation | 3 494 | 440 | 3 934 | 258 | – |
| Infrastructure - Other | 2 500 | 924 | 3 424 | – | – |
| Infrastructure | 25 478 | 5 366 | 30 844 | 19 760 | 3 450 |
| Community | 3 190 | (3 140) | 50 | – | – |
| Heritage assets | – | – | – | – | – |
| Investment properties | – | 1 132 | 1 132 | – | – |
| Other assets | 2 363 | 2 354 | 4 717 | 2 278 | 2 238 |
| Agricultural Assets | – | – | – | – | – |
| Biological assets | – | – | – | – | – |
| Intangibles | – | – | – | – | – |
| Total Renewal of Existing Assets to be adjusted | 52 449 | 2 339 | 54 787 | 42 790 | 46 823 |
| Infrastructure - Road transport | 7 650 | 750 | 8 400 | 1 200 | 22 023 |
| Infrastructure - Electricity | 5 200 | – | 5 200 | 4 000 | 6 000 |
| Infrastructure - Water | 2 750 | – | 2 750 | 2 760 | 2 832 |
| Infrastructure - Sanitation | 31 344 | 3 076 | 34 419 | 29 955 | 4 528 |
| Infrastructure - Other | – | – | – | – | – |
| Infrastructure | 46 944 | 3 826 | 50 769 | 37 915 | 35 383 |
| Community | 850 | 105 | 955 | 400 | – |
| Heritage assets | – | – | – | – | – |
| Investment properties | – | – | – | – | – |
| Other assets | 4 325 | (1 592) | 2 733 | 4 275 | 11 140 |
| Agricultural Assets | – | – | – | – | – |
| Biological assets | – | – | – | – | – |
| Intangibles | 330 | – | 330 | 200 | 300 |

| | | | | | |
|---|------------------|---------------|------------------|------------------|------------------|
| Total Capital Expenditure to be adjusted | | | | | |
| Infrastructure - Road transport | 19 514 | 2 057 | 21 571 | 9 289 | 22 273 |
| Infrastructure - Electricity | 10 200 | – | 10 200 | 9 220 | 9 200 |
| Infrastructure - Water | 5 371 | 2 695 | 8 065 | 8 954 | 2 832 |
| Infrastructure - Sanitation | 34 838 | 3 516 | 38 353 | 30 213 | 4 528 |
| Infrastructure - Other | 2 500 | 924 | 3 424 | – | – |
| Infrastructure | 72 422 | 9 192 | 81 614 | 57 675 | 38 833 |
| Community | 4 040 | (3 035) | 1 005 | 400 | – |
| Heritage assets | – | – | – | – | – |
| Investment properties | – | 1 132 | 1 132 | – | – |
| Other assets | 6 688 | 762 | 7 450 | 6 553 | 13 378 |
| Agricultural Assets | – | – | – | – | – |
| Biological assets | – | – | – | – | – |
| Intangibles | 330 | – | 330 | 200 | 300 |
| TOTAL CAPITAL EXPENDITURE to be adjusted | 83 480 | 8 051 | 91 531 | 64 828 | 52 511 |
| ASSET REGISTER SUMMARY - PPE (WDV) | | | | | |
| Infrastructure - Road transport | 547 901 | 19 059 | 566 959 | 547 792 | 540 457 |
| Infrastructure - Electricity | 312 475 | (5 817) | 306 658 | 303 408 | 299 632 |
| Infrastructure - Water | 272 390 | 9 328 | 281 718 | 279 980 | 271 688 |
| Infrastructure - Sanitation | 391 538 | (9 729) | 381 809 | 401 498 | 395 076 |
| Infrastructure - Other | 9 494 | (3 756) | 5 738 | 3 527 | 1 227 |
| Infrastructure | 1 533 798 | 9 084 | 1 542 882 | 1 536 206 | 1 508 079 |
| Community | 50 190 | (39 119) | 11 071 | 8 271 | 4 940 |
| Heritage assets | 71 | 697 | 767 | 749 | 730 |
| Investment properties | 33 920 | (1 790) | 32 130 | 32 093 | 32 054 |
| Other assets | 167 623 | 41 676 | 209 299 | 201 772 | 200 446 |
| Intangibles | 542 | 107 | 649 | 821 | 1 091 |
| Agricultural Assets | – | – | – | – | – |
| Biological assets | – | – | – | – | – |
| TOTAL ASSET REGISTER SUMMARY - PPE (WDV) | 1 786 144 | 10 655 | 1 796 799 | 1 779 911 | 1 747 341 |
| EXPENDITURE OTHER ITEMS | | | | | |
| Depreciation & asset impairment | 74 104 | 722 | 74 826 | 76 189 | 79 278 |
| Repairs and Maintenance by asset class | 17 704 | 827 | 18 531 | 17 773 | 18 652 |
| Infrastructure - Road transport | 3 575 | – | 3 575 | 3 665 | 3 760 |
| Infrastructure - Electricity | 1 053 | – | 1 053 | 1 105 | 1 160 |
| Infrastructure - Water | 1 043 | – | 1 043 | 976 | 979 |
| Infrastructure - Sanitation | 1 269 | – | 1 269 | 1 332 | 1 399 |
| Infrastructure - Other | 3 496 | 386 | 3 882 | 3 735 | 3 989 |
| Infrastructure | 10 436 | 386 | 10 822 | 10 813 | 11 288 |
| Community | 794 | 17 | 811 | 834 | 875 |
| Heritage assets | – | – | – | – | – |
| Investment properties | – | – | – | – | – |
| Other assets | 6 474 | 425 | 6 899 | 6 126 | 6 489 |
| TOTAL EXPENDITURE OTHER ITEMS to be adjusted | 91 808 | 1 549 | 93 357 | 93 962 | 97 929 |
| % of capital exp on renewal of assets | 62.8% | | 59.9% | 66.0% | 89.2% |
| Renewal of existing assets as % of deprecn | 70.8% | | 73.2% | 56.2% | 59.1% |
| R&M as a % of PPE | 1.0% | | 1.0% | 1.0% | 1.1% |
| Renewal and R&M as a % of PPE | 3.9% | | 4.1% | 3.4% | 3.7% |

Table B10 - Adjustments Budget Basic service delivery measurement

| WC015 Swartland - Table B10 Basic service delivery measurement - | | | | | |
|--|---------------------|-------------------|--------------------|---------------------------|---------------------------|
| Description | Budget Year 2013/14 | | | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| | Original Budget | Total Adjusts. | Adjusted Budget | Adjusted Budget | Adjusted Budget |
| Household service targets | | | | | |
| Water: | | | | | |
| Piped water inside dwelling | 18852 | – | 19 | 19024 | 19024 |
| Minimum Service Level and Above sub-total | 19 | – | 19 | 19 | 19 |
| Below Minimum Service Level sub-total | – | – | – | – | – |
| Total number of households | 19 | – | 19 | 19 | 19 |
| Sanitation/sewerage: | | | | | |
| Flush toilet (connected to sewerage) | 16356 | – | 16 356 | 16528 | 16528 |
| Flush toilet (with septic tank) | 1397 | – | 1 397 | 1397 | 1397 |
| Minimum Service Level and Above sub-total | 17 753 | – | 17 753 | 17 925 | 17 925 |
| Below Minimum Service Level sub-total | – | – | – | – | – |
| Total number of households | 17 753 | – | 17 753 | 17 925 | 17 925 |
| Energy: | | | | | |
| Electricity (at least min. service level) | 5460 | – | 5 460 | 5480 | 5480 |
| Electricity - prepaid (> min. service level) | 8798 | – | 8 798 | 8950 | 8950 |
| Minimum Service Level and Above sub-total | 14 258 | – | 14 258 | 14 430 | 14 430 |
| Electricity (< min. service level) | – | – | – | – | – |
| Electricity - prepaid (< min. service level) | – | – | – | – | – |
| Other energy sources | 1758 | – | 1 758 | 1758 | 1758 |
| Below Minimum Service Level sub-total | 1 758 | – | 1 758 | 1 758 | 1 758 |
| Total number of households | 16 016 | – | 16 016 | 16 188 | 16 188 |
| Refuse: | | | | | |
| Removed at least once a week (min. service) | 18706 | – | 18 706 | 18878 | 18878 |
| Minimum Service Level and Above sub-total | 18 706 | – | 18 706 | 18 878 | 18 878 |
| Removed less frequently than once a week | – | – | – | – | – |
| Below Minimum Service Level sub-total | – | – | – | – | – |
| Total number of households | 18 706 | – | 18 706 | 18 878 | 18 878 |
| Households receiving Free Basic Service | | | | | |
| Water (6 kilolitres per household per month) | 5328 | – | 5 328 | 5500 | 5500 |
| Sanitation (free minimum level service) | 5151 | – | 5 151 | 5323 | 5323 |
| Electricity/other energy (50kwh per household per month) | 5009 | – | 5 009 | 5181 | 5181 |
| Refuse (removed at least once a week) | 5336 | – | 5 336 | 5508 | 5508 |
| Cost of Free Basic Services provided (R'000) | | | | | |
| Water (6 kilolitres per household per month) | 202 | – | 202 | 243 | 300 |
| Sanitation (free sanitation service) | 802 | – | 802 | 954 | 1 207 |
| Electricity/other energy (50kwh per household per month) | 216 | – | 216 | 251 | 307 |
| Refuse (removed once a week) | 481 | – | 481 | 523 | 595 |
| Total cost of FBS provided (minimum social price) | 1 701 | – | 1 701 | 1 970 | 2 408 |
| Highest level of free service provided | | | | | |
| Property rates (R'000 value threshold) | 100000 | – | 100 000 | 100000 | 100000 |
| Water (kilolitres per household per month) | 10 | – | 10 | 10 | 10 |
| Sanitation (kilolitres per household per month) | 0 | – | – | 0 | 0 |
| Sanitation (Rand per household per month) | 145.72 | – | 146 | 168.3 | 198.51 |
| Electricity (kw per household per month) | 50 | – | 50 | 50 | 50 |
| Refuse (average litres per week) | 88.32 | – | 88 | 93.62 | 101.58 |
| Revenue cost of free services provided (R'000) | | | | | |
| Property rates (R15 000 threshold rebate) | 1 700 | – | 1 700 | 1 700 | 1 700 |
| Property rates (other exemptions, reductions and rebates) | 3 143 | – | 3 143 | 3 332 | 3 717 |
| Water | 2 424 | – | 2 424 | 2 913 | 3 594 |
| Sanitation | 9 629 | – | 9 629 | 11 442 | 14 480 |
| Electricity/other energy | 2 587 | – | 2 587 | 3 006 | 3 683 |
| Refuse | 5 771 | – | 5 771 | 6 278 | 7 140 |
| Total revenue cost of free services provided (to be added to the cost of FBS) | 25 253 | – | 25 253 | 28 672 | 34 315 |

PART 2 - SUPPORTING DOCUMENTATION

Section 5 - Measurable performance objectives and indicators

Changes to measurable performance objectives and indicators are included in the supporting tables (SB3) attached. These indicators are part of the indicators contained in the Service Delivery and Budget Implementation Plan, which again forms the basis of the performance contracts of the Municipal Manager and Senior Management.

Section 6 - Budget related policies

There are no changes to the budget related policies proposed in the adjustments budget.

Section 7 - Overview of budget assumptions

Budget Assumptions

There are no changes to the budget assumptions proposed in the adjustments budget.

Section 8 - Funding compliance

The adjustments budget is cash - funded which is the first indicator of a “credible” budget. Funding levels remain positive as clearly depicted in Table B8. However, the municipality must continuously evaluate its cash position since the trend is a decline for every year over the MTREF period.

Section 9 - Overview of budget funding

Funding the Budget

Section 18(1) of the MFMA states that an annual budget may only be funded from:

- Realistically anticipated revenues to be collected;
- Cash backed accumulated funds from previous years' surpluses not committed for other purposes; and
- Borrowed funds, but only for the capital budget referred to in section 17.

Achievement of this requirement in totality effectively means that a Council has 'balanced' its budget by ensuring that budgeted outflows will be offset by a combination of planned inflows as well as prior years' accumulated cash surpluses.

A Credible Budget

Amongst other things, a credible budget is a budget that:

- Funds only activities consistent with the revised IDP and vice versa ensuring the IDP is realistically achievable given the financial constraints of the municipality;
- Is achievable in terms of agreed service delivery and performance targets;
- Contains revenue and expenditure projections that are consistent with current and on past performance and supported by documented evidence of future assumptions;
- Does not jeopardise the financial viability of the municipality (ensures that the financial position is maintained within generally accepted prudential limits and that obligations can be met in the short, medium and long term); and
- Provides managers with appropriate levels of delegation sufficient to meet their financial management responsibilities.

A budget sets out certain service delivery levels and associated financial implications. Therefore the community should realistically expect to receive these promised service delivery levels and understand the associated financial implications. Major under spending due to under collection of revenue or poor planning is a clear example of a budget that is not credible and unrealistic.

Furthermore, budgets tabled for consultation at least 90 days prior to the start of the budget year should already be credible and fairly close to the final approved budget.

Fiscal Overview of Swartland Municipality

Over the past financial years via sound and strong financial management, Swartland Municipality has moved internally to a position of relative financial stability. There is also a high level of compliance with the Municipal Finance Management Act and other legislation directly affecting financial management. This is evident from the "Clean audit" reports from the Auditor General's Office for the past few years.

Long term financial planning

The municipality's financial position is sound and this budget further ensures that it stays sound. Long-term borrowing is increasing, but the council also resolved to utilise accumulated cash surpluses for capital development.

The municipality plans to continue exercising strict financial management and ensuring a cash flow which meets the requirements. The municipality was,

over the past two years, an instrumental player in the development of a financial benchmarking tool for the Provincial Treasury, which effectively evaluates financial sustainability over the longer term and measures the municipality's financial position against its peers as well as predetermined benchmarks. This tool will be utilised when compiling the 2014/2015 Budget and the results will be incorporated into that MTREF.

The financial markets are already factoring in an increase in interest rates during the second half of the year, mainly as a result of the declining rand and the effect it will have on inflation, especially fuel prices and the effect of the increase in fuel prices on other consumer items. Apart from the immediate effect of fuel price adjustments it is not foreseen that the other items will have a significant effect on the rest of the current budget year.

Due to the fact that a large portion of capital expenditure from own sources be funded by way of own cash, the municipality must ensure that the principle of "the user pays for the use of the assets" be applied in its long - term financial strategy. It is for this reason that the municipality provides for cash - backed reserves, which consist of Employee Benefits provisions, the cost of replacing the existing valuation roll and contributions to the Capital Replacement Reserve with the idea being a contribution at least equal to the depreciation charges on those assets being used. The municipality is still investigating the reasons why there is such a huge difference in depreciation charges between different municipalities, with Swartland's depreciation chargers much higher than the average of its peers. This affects the level of the reserves as well as the budgeted surplus/deficit for the year. More detail will be incorporated into the 2014/2015 MTREF.

Sources of funding

Interest earned from investments is applied to the income and expenditure account to help fund the operating budget. The following tables summarises the budgeted interest over the MTREF;

| R '000 | 2013/14 | 2014/15 | 2015/16 |
|---------------------|---------|---------|---------|
| Investment Interest | 10 820 | 9 894 | 8 900 |

Contributions and donations

The Municipality can receive contributions from developers to provide infrastructure and other works as part of the conditions of agreeing planning permission.

Section 10 - Expenditure on allocations and grant programmes

Grant allocations

Details of each grant to be received and spent are shown in the schedules SB7 to SB9 attached to the report.

Section 11 - Allocations and grants made by the Municipality

Allocations Made by the Municipality

Refer to supporting schedule SB10 for allocations made. Total allocations are as follows:

| R '000 | 2013/14 | 2014/15 | 2015/16 |
|-------------------|---------|---------|---------|
| External Entities | 2 083 | 2 083 | 2 115 |

Any allocation made to an outside body must comply with the requirements of section 67 of the MFMA. This stipulates that before transferring funds to an outside organisation the Municipal Manager, as Accounting Officer, must be satisfied that the organisation or body has the capacity to comply with the agreement and has adequate financial management and other systems in place.

National Treasury further indicated in MFMA circular 51 that “discretionary” funds should not be appropriated in the budget due to such funds not being transparent during the consultation process.

Section 12 - Councillor Allowances and employee benefits

Salaries, Allowances and Benefits

There are no changes proposed for Councillor Allowances, other than a correction made as a result of Ward Committee Allowances incorrectly included under Remuneration of Councillors.

Details of Councillor Allowances and employee benefits are included in supporting table SB11 attached.

Section 13 - Monthly targets for revenue, expenditure and cash flow

Monthly Cash Flows by source

Supporting tables SB 12 to SB 17 show the adjusted monthly cash flows.

Section 14 - Adjustments to the quarterly service delivery and budget implementation plans - internal departments

Supporting table SB3 indicates the major adjustments.

Section 15 - Annual budgets and service delivery agreements - municipal entities and other external mechanisms

ENTITIES

The municipality does not have any entities.

Other Service Delivery Mechanisms

The municipality has service delivery agreements with external parties for the delivery of the Municipality's services.

Section 16 - Contracts having future budgetary implications

The municipality does not have any roll - over contracts with budget implications.

Section 17 - Capital expenditure details

Capital expenditure details are listed in Supporting Table SB 18 to SB 19.

Section 18 - Municipal Manager's quality certification

I, J Scholtz, Municipal Manager of Swartland Municipality, hereby certify that the adjustments budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the adjustments budget and supporting documents are consistent with the Integrated Development Plan of the Municipality.

J Scholtz

Municipal Manager of Swartland Municipality (WC 015)

Signature

Date 31/01/2014